

AMENDED IN SENATE AUGUST 13, 2013

AMENDED IN SENATE JULY 10, 2013

AMENDED IN SENATE JULY 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1038

Introduced by Assembly Member Pan

February 22, 2013

An act to add ~~Section 61901.5 to Article 10 (commencing with Section 590) to Chapter 3 of Part 1 of Division 1 of the Food and Agricultural Code, relating to milk products, and making an appropriation therefor~~ *products.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1038, as amended, Pan. Milk products: California Dairy Future Task Force.

Existing law authorizes the Secretary of Food and Agriculture to formulate stabilization and marketing plans that establish the prices to be paid by milk handlers for specified classes of market milk and requires a handler subject to a stabilization and marketing plan to pay an assessment to the secretary, as specified. Existing law requires that all moneys received by the secretary pursuant to these provisions be deposited into the Department of Food and Agriculture Fund, a continuously appropriated fund, and be used to defray expenses in connection with the administration of these provisions.

This bill would make specified legislative findings and declarations regarding challenges faced by the dairy industry and would state specified intents of the Legislature. The bill would require ~~that the administration and activities of the California Dairy Future Task Force,~~

~~which has been previously established by the secretary, be funded by the assessments collected by the secretary. By authorizing the expenditure of moneys in a continuously appropriated fund for a new purpose, the bill would make an appropriation~~ *the California Dairy Future Task Force, previously established by the secretary, to be continued in existence in order to evaluate and make recommendations on various issues relating to the specific purpose of developing a stable economic environment for all California dairy producers and processors. The bill would require that funding for the task force, not to exceed an unspecified amount, be made available from assessment revenues paid to the secretary by handlers subject to a stabilization and marketing plan, subject to appropriation by the Legislature.*

Vote: majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares ~~both all~~
- 2 of the following:
- 3 (1) The California dairy industry has been confronted with
- 4 numerous *significant* challenges in the past several years that have
- 5 forced the dairy producers to exit the industry and dairy processors
- 6 ~~to face heightened competition~~ *resulted in dairy producers losing*
- 7 *equity, with many forced to exit the industry, while dairy processors*
- 8 *have faced heightened competition and transportation costs, and*
- 9 *other economic challenges.*
- 10 (2) The challenges include dramatic increases in the cost of corn
- 11 and other produce used to feed livestock, increasing environmental
- 12 and regulatory costs, and decreasing water availability.
- 13 ~~(b) It is the intent of the Legislature to encourage the Department~~
- 14 ~~of Food and Agriculture, to the extent that economic conditions~~
- 15 ~~warrant, to hold the following hearings regarding milk pricing:~~
- 16 (1) ~~A hearing to amend the recent emergency price relief~~
- 17 ~~decision, issued by the Secretary of Food and Agriculture on June~~
- 18 ~~24, 2013, to allow for additional emergency price relief.~~
- 19 (2) ~~A hearing to address changes to the whey scale factor that~~
- 20 ~~is used to determine the amount paid into the milk pool in~~
- 21 ~~California.~~
- 22 (3) *A concentrated focus on these challenges is essential so that*
- 23 *the California dairy industry may participate successfully in*

1 *domestic and international markets to the benefit of dairy*
2 *producers and processors alike.*

3 (e)

4 (b) It is the intent of the Legislature that the Secretary of Food
5 and Agriculture actively engage the California Dairy Future Task
6 Force ~~to assist in developing proposals intended to best position~~
7 ~~both dairy producers and processors to achieve the goals of~~
8 ~~long-term success and sustainability~~ *develop recommendations*
9 *intended to best position the California dairy industry to achieve*
10 *the goals of long-term success and sustainability in a market that*
11 *continues to evolve beyond the scope of the current regulatory*
12 *system with the addition of new products and markets.*

13 (c) *It is further the intent of the Legislature that these*
14 *recommendations address current statutory and regulatory*
15 *impediments to achieve these goals.*

16 SEC. 2. ~~Section 61901.5 is added to the Food and Agricultural~~
17 ~~Code, to read:~~

18 ~~61901.5. Administration and activities of the California Dairy~~
19 ~~Future Task Force, previously established by the secretary, shall~~
20 ~~be funded by assessments collected pursuant to Section 62211.~~

21 SEC. 2. *Article 10 (commencing with Section 590) is added to*
22 *Chapter 3 of Part 1 of Division 1 of the Food and Agricultural*
23 *Code, to read:*

24
25 *Article 10. California Dairy Future Task Force*
26

27 590. (a) *The California Dairy Future Task Force, previously*
28 *established by the secretary and consisting of dairy producers,*
29 *processors, and cooperatives, shall be continued in existence for*
30 *the specific purpose of developing a stable economic environment*
31 *for California dairy producers and processors.*

32 (b) *The California Dairy Future Task Force shall do all of the*
33 *following:*

34 (1) *Evaluate all of the following issues and any other issues it*
35 *determines to be relevant:*

36 (A) *Market-based and other alternative pricing models.*

37 (B) *Pricing mechanisms that appropriately share risk and value*
38 *between dairy producers and processors, promote competition,*
39 *and encourage innovation.*

- 1 (C) Whether California's regulated milk pricing system has
2 kept pace with the rapidly changing global marketplace.
- 3 (D) Adequacy of relevant statutes and regulations.
- 4 (2) Solicit input from the dairy industry and related businesses.
- 5 (3) Make recommendations to the secretary and the Legislature
6 no later than July 1, 2014, regarding the addition, modification,
7 or repeal of existing statutes and regulations for all classes of
8 milk.
- 9 (c) Funding for the California Dairy Future Task Force, in an
10 amount not to exceed _____ dollars (\$____), shall be made
11 available from the funds deposited into the Department of Food
12 and Agriculture Fund pursuant to Article 14 (commencing with
13 Section 62211) of Chapter 2 of Part 3 of Division 21, subject to
14 appropriation by the Legislature.